EXHIBIT D

New York, N. Y.,
June 22, 1943.

To the Stockholders of

PHILIP MORRIS & CO. LTD., INCORPORATED:

The Balance Sheet of your Company as of March 31, 1943, and its Income and Surplus Statements for the fiscal year ended on that date, are submitted herewith. Owing to the length of time required under present conditions for us to receive the audited accounts of our English subsidiary, Philip Morris & Company, Limited, and the fact that the inclusion of those accounts would make no significant change in the net results shown, the appended statements reflect only the operations of the Virginia corporation and are not on a consolidated basis, as heretofore.

Net earnings for the year were $6,930,933. as compared with net earnings of $7,784,135. (unconsolidated) for the previous fiscal year. Despite an increase in dollar volume of sales of, approximately, 25%, we were unable to offset the effect of increased costs due principally to higher leaf tobacco prices, and the increase in Federal taxes on income. Possible increases in the prices chargeable for cigarettes and tobaccos have been under discussion for a considerable period of time. Any increases depend on action by the Office of Price Administration and we do not venture to predict what action, if any, may be taken by that agency.

Dividends of $4.50 per share were declared on the Common Stock, as well as the required amounts on the Cumulative Preferred Stock, 4¼% Series and 4½% Series.

As previously reported in my letter, dated June 22, 1942, addressed to the stockholders and which accompanied the Financial Report for the fiscal year ended March 31, 1942, the Company, during May 1942 successfully consummated the sale of $6,000,000. principal amount of Twenty Year 3% Debentures, due May 1, 1962, and of 49,666 shares of Cumulative Preferred Stock, 4½% Series. The proceeds therefrom, amounting to $10,936,311. after underwriting commissions, were deposited to the credit of the Company, and bank loans outstanding amounting to $8,000,000. were paid. The balance of the proceeds, less related expenses, was added to the general working capital of your Company.

Leaf tobacco of the 1942 crop commanded extremely high prices and it was necessary for your Company to borrow from banks to the extent of $12,000,000. to finance the purchase of its requirements from that crop. During March, 1943, the sale of $6,000,000. principal amount of Twenty Year 3% Debentures, due March 1, 1963, and 105,176 shares of Common Stock was successfully consummated. The proceeds therefrom, amounting to $12,496,295. after underwriting commissions, were deposited to the credit of the Company, and bank loans outstanding amounting to $12,000,000. were paid. The balance of the proceeds, less related expenses, was added to the general working capital of your Company.

PHILIP MORRIS Cigarettes are your Company's principal product. Amongst the other brands manufactured by it are MARLBORO Cigarettes, ENGLISH OVALS Cigarettes and REVELATION and BOND STREET Smoking Tobaccos. Your support of these products is solicited both on the basis of their intrinsic merit and because your help in this way constitutes a valuable aid to the continued growth of the business.

Faithfully yours,
O. H. CHALKLEY,
President.

1066330846

Source: https://www.industrydocuments.ucsf.edu/docs/ksxk0000